

Message Text

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ACTION EUR-12

INFO OCT-01 AF-04 ARA-06 EA-06 NEA-06 ISO-00 CIAE-00

DODE-00 PM-03 H-01 INR-05 L-02 NSAE-00 NSC-05 PA-01

RSC-01 PRS-01 SP-02 SS-15 USIA-06 AEC-05 AID-05

CEA-01 CIEP-01 COME-00 EB-04 FEAE-00 FPC-01 INT-05

OMB-01 SAM-01 OES-02 STR-01 TRSE-00 FRB-01 OPIC-03

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R 131017Z NOV 74

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 4136

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY ROME

AMEMBASSY TOKYO

AMEMBASSY BRASILIA

AMEMBASSY CARACAS

AMEMBASSY KINSHASA

AMEMBASSY NEW DELHI

AMEMBASSY TEHRAN

AMEMBASSY JIDDA

USINT ALGIERS

USMISSION EC BRUSSELS

USMISSION OECD PARIS

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TAGS: ENRG, EALR, FR

SUBJECT: FRENCH BILATERAL AGREEMENT WITH SAUDI ARABIA

1. CABOUAT, BRUNET'S DEPUTY FOR ENERGY MATTERS IN ECONOMIC DEPARTMENT OF MFA, TOLD ECON/COM MIN, UPON RETURN FROM SAUDI ARABIA FOR DISCUSSIONS WITH SAUDI OFFICIALS ON BILATERAL ECONOMIC AGREEMENT, THAT HE WAS HOPEFUL THAT AGREEMENT WOULD BE SIGNED BY THE END OF THE YEAR. CABOUAT SAID AGREEMENT WOULD HAVE TWO MAIN PROVISIONS. FIRST, IT WOULD PROVIDE FOR ESTABLISHMENT OF JOINT COMMITTEE OF EXPERTS TO IDENTIFY AND RECOMMEND TO GOVERNMENTS INDUSTRIAL PROJECTS FOR FRENCH INVESTORS IN SAUDI ARABIA, E.G., IN THE PETROCHEMICAL FIELD. CABOUAT SAID THE SAG WAS DEMANDING THAT THE FRENCH NOT ONLY EXPORT THE FACTORY BUT ALSO PROVIDE SOME OF THE CAPITAL. CABOUAT SAID THIS WAS THE CURRENT PRACTICE WITH THE SAG, WHICH REQUIRED SELLERS OF TURNKEY FACTORIES TO PARTICIPATE IN THE FINANCIAL RISKS.

2. THE SECOND PART OF THE AGREEMENT PROVIDES FOR THE SALE BY PETROMIN TO FRANCE OF 20 TO 30 MILLION TONS OF OIL A YEAR OVER A TEN-YEAR PERIOD (WHICH WOULD BEGIN, ACCORDING TO A RECENT PRESS REPORT, IN LATE 1975 WHEN THE THREE-YEAR SALE EXPIRES). CABOUAT ALSO SAID THE PRICE WOULD BE THE BUY-BACK PRICE PREVAILING AT THE TIME OF DELIVERY. COMMENT: THIS IS A SUBSTANTIAL REDUCTION FROM THE 800 MILLION TON, 20-YEAR DEAL THE FRENCH ORIGINALLY SOUGHT.

RUSH

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Message Attributes

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